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FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC 4764
INFO RUEHAC/AMEMBASSY ASUNCION 3910
RUEHBO/AMEMBASSY BOGOTA 2358
RUEHBU/AMEMBASSY BUENOS AIRES 1410
RUEHBR/AMEMBASSY BRASILIA 0820
RUEHCV/AMEMBASSY CARACAS 2015
RUEHPE/AMEMBASSY LIMA 6113
RUEHMN/AMEMBASSY MONTEVIDEO 4342
RUEHQT/AMEMBASSY QUITO 2291
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 000330

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

E.O. 12958: N/A

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SUBJECT: CHILE MEDIA REPORT - APRIL 7

Leading Stories

1. Economic activity in February declined 3.9%, the worst drop since 1999. The Llaima volcano continues to spew ashes and lava. One-hundred people have been evacuated from the surrounding areas.

U.S.-Related News

2. U.S. Royal Gold will buy the Andacollo gold mine in the IV Region. A Canadian firm owns 90% of the mine and Chile's State Mining Company (ENAMI) owns the remaining 10%. Both Mining Minister Santiago Gonzales and ENAMI officials said they were unaware of the transaction (Diario Financiero, business and financial, circ. 30,000, 4/7).

3. President Obama has not yet appointed the person who will direct the White House's relations with Latin America. Among the likely candidates are Chilean Arturo Valenzuela, Director of Georgetown's Center for Latin American Studies; Ann Patterson, former Ambassador to El Salvador; Craig Kelly, former Ambassador to Chile; Latin American expert Julia Sweig from the Council for Foreign Relations; Harriet Babbit, former Ambassador to the OAS (America Economica on-line, 4/7).

Pharmaceutical Collusion

4. Amid accusations and the investigations that the three largest local pharmacy chains colluded to hike prices and the participation of pharmaceutical laboratories in the process, the General Manager of Laboratory Chile, Hernan Pfeifer, admitted that laboratories have the practice of suggesting to pharmacies what to charge for products, but have no way to "impose" prices (La Nacion, government-owned, editorially independent, circ. 4,200, 4/7).

OECD Accession

5. In the process of Chile's eventual accession to the OECD, the organization issued a report suggesting Chile should pass legislation to promote collective bargaining. This would coincide with the Executive Office's agenda, which has plans to submit to Congress in May the Labor Defense Law that strengthens collective negotiations and union participation (La Nacion, 4/7).

Indigenous Affairs

¶6. U.N. Special Rapporteur for Indigenous Rights and Fundamental Freedoms, James Anaya, said, "There is no question that there has been progress," in this area in Chile since 2004. He valued the ratification of Convention Nr. 169, today's vote in Congress for the Constitutional recognition of indigenous peoples, and the inclusion of multicultural issues in the educational reform. "Chile is among the countries that are doing more today with regard to this issue," he said. However, he said there are still some pending issues, primarily with regard to land claims. Anaya will travel today to southern Chile to meet with indigenous organizations (La Segunda, conservative, afternoon, circ. 33,000, 4/6; La Nacion, 4/7).

Chile-Peru

¶7. A Peruvian was arrested as he took photographs inside the Navy's Special Command facilities in Vina de Mar. The man entered the restricted building as he delivered supplies to the Naval Hospital. He was arrested by Navy guards and expelled from the country. Yesterday, Foreign Affairs Under Secretary Juan Pablo Lira met with Peruvian Charg d'Affaires Guido Toro to "warn" the diplomat that the GOC would take different measures if it encountered another similar incident. Lira said that although the individual was expelled for violating the immigration law -- he was working, but was on a tourist visa -- the incident has raised concerns regarding espionage. Government sources said the individual had photographed other sensitive facilities (La Tercera, conservative, independent, circ. 101,000, 4/7).

International Affairs

¶8. Editorial: "Another U.N. Failure." "On Sunday, North Korea launched its missile... openly violating Resolution 1718.... The U.N. was far from being able to prevent the crisis.... It's time for the U.N. to reorganize... to become an organization that truly reflects today's international political system.... For the safety and stability of the world, countries must know that their actions have consequences, and the only way to achieve this is for the Security Council to show greater determination and efficiency" (El Mercurio, conservative, influential newspaper-of-record, circ. 129,000, 4/7).

SIMONS